

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 ISO-00 L-03 CAB-09 CIAE-00

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R 211810Z SEP 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3391

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMCONSUL DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOKHHOLM

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY LUXEMBOURG

AMEMBASSY NICOSIA

AMEMBASSY REYKAVIK

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SUBJECT: CIVAIR: NORTH ATLANTIC FARES

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1. REFTTEL SUGGESTS TO US MIGHT BE USEFUL FOR POSTS IN ECAC MEMBER

STATES TO HAVE CABLED SUMMARY OF HIGHLIGHTS OF DISCUSSION AT ECAC NORTH ATLANTIC FARES SEMINAR PENDING RECEIPT FULLER REPORT BY AIRGRAM. WE ASSUME INTERESTED WASHINGTON AGENCIES ALREADY BRIEFED AS NECESSARY BY CAB AND DOT PARTICIPANTS.

2. SEMINAR ATTENDED BY GOVERNMENT AND AIRLINE REPS ALL EGAC MEMBER STATES EXCEPTING COUNTRIES INFO ADDRESSEES THIS TELEGRAM. CANADIAN GOVT AND AIR CANADA REPRESENTED, USG BY STATE, CAB AND DOT REPS, AND PANAM, TWA AND NATIONAL AMONG AMERICAN CARRIERS. HAMMARSKJOLD LED IATA DELEGATION. EATA AND AIRLINE REPS MADE ALL PRESENTATION, FOLLOWED BY DISCUSSION PERIODS. NO FORMAL CONCLUSIONS OR RECOMMENDATIONS EMERGED, AIM WAS SIMPLY TO FOSTER EXCHANGE OF VIEWS BETWEEN GOVT AND AIRLINE REPS AS CONTRIBUTION TO BETTER MUTUAL UNDERSTANDING OF PROBLEMS.

3. BY AN LARGE, PRESENTATIONS AND ENSUING DISCUSSION FOCUSED ON COST STRUCTURE UNDERLYING FARE LEVELS AND NO EFFORT WAS MADE TO FORMULATE WHAT MAIN LINES OF A NEW FARES PACKAGE MIGHT BE. PANAM (ONLY US CARRIER TO MAKE PRESENTATION) PAINTED GLOOMY PICTURE OF RISING COSTS WHICH WOULD REQUIRE 25-30-0/0 INCREASE IN FARES IF INDUSTRY WAS TO BE PLACED ON PROFITABLE FOOTING BY 1976. (PANAM SAID INCREASED FUEL COSTS ALONE WOULD JUSTIFY AVERAGE INCREASE OF DOL\$7 IN FARES THIS YEAR.) PANAM JOINED NOTABLY BY LUFTHANSA AND WITH SUPPORT FROM HAMMARSKJOLD, URGED SOME FORM OF CAPACITY CONTROLS. (ON LATTER POINT CAB REP ALLUDED TO PRESIDENTIAL POLICY STATEMENT'S REFERENCE TO POOLING PRACTICES AND NOTED DIFFERING POSITIONS WITHIN USG RE DOMESTIC CAPACITY LIMITATION AGREEMENTS.)

4. ALONGSIDE EMPHASIS PLACED BY MOST OTHER CARRIERS ON PRINCIPLE OF COST-RELATED FARES, BOAC PLUGGED FOR ITS COST-BASED FARE APPROACH, THOUGH TIME DID NOT PERMIT FULL-SCALE PRESENTATION. BOAC REP (WELBURN), DISAGREEING WITH PANAM ANALYSIS, CONTENDED COST-BASED FARES COULD DELAY NEED FOR GENERAL FARES INCREASE FOR SEVERAL YEARS, AND HE ADDED THAT ANY NORTH ATLANTIC FARES PACKAGE THAT MIGHT BE AGREED UPON FOR 1974 THAT DID NOT FACE UP TO PROBLEMS IDENTIFIED BY COST-BASED APPROACH WOULD BE SHORT-LIVED.

5. MAIN THRUST OF HAMMARSKJOLD REMARKS WAS A REPORTED PARA 4 PARIS 24231, I.E., NEED FOR BETTER AND LONGER-TERM POLICY GUIDANCE FR UNCLASSIFIED

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GOVERNMENTS, ESPECIALLY IF AIRLINES WERE TO SUCCEED IN SIMPLIFYING FARES STRUCTURE. HE WELCOMED DEVELOPMENTS TENDING TOWARDS MINIMUM CHARTER RATES AS ONE MEANS OF DEALING WITH CAPACITY PROBLEM AND "CUMPING." HE DEFENDED PRESENT 22-45 DAY EXCURSION FARE AS NON-DISCRIMINATORY ON GROUNDS RESTRICTIVE CONDITIONS WERE ATTACHED AND HE LIKENED IT TO GENERAL PRACTICE OF LOWER TELEPHONE RATES IN OFF HOURS FOR PURPOSE OF SECURING BETTER DISTRIBUTION OF TRAFFIC AND

UTILIZATION OF EQUIPMENT.

6. COMMENT: WHILE QUALITY OF PRESENTATIONS WAS UNEVEN AND SHORTAGE OF TIME OFTEN DID NOT PERMIT AMPLE DISCUSSION OF CONTROVERSIAL ITEMS WHICH MIGHT HAVE DESERVED FULLER AIRING, GENERAL REACTION TO SEMINAR AMONG PARTICIPANTS SEEMED TO BE THAT IT HAD BEEN INFORMATIVE AND WORTHWHILE. ANY FEEDBACK FROM ADDRESSEE POSTS ON LOCAL REACTION TO SEMINAR WOULD BE USEFUL TO EMBASSY IN ITS CONTINUING RELATIONS WITH ECAC SECRETARIAT.IRWIN

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